

VI. *Commitment of Resources*

Include statistics regarding the timeliness of the completion of investigations and the initiation of disciplinary proceedings.

[58 FR 40348, July 28, 1993, as amended at 60 FR 49336, Sept. 25, 1995]

**§ 155.10 Exemptions.**

Except as otherwise provided in this part, the Commission may, in its discretion and upon such terms and conditions as it deems appropriate, exempt any contract market or other person from any of the provisions of this part.

(Approved by the Office of Management and Budget under control numbers 3038-0007 and 3038-0022)

[41 FR 56142, Dec. 23, 1976, as amended at 46 FR 63036, Dec. 30, 1981]

**PART 156—BROKER ASSOCIATIONS**

Sec.

156.1 Definition.

156.2 Registration of broker association.

156.3 Contract market program for enforcement.

156.4 Disclosure of Broker Association Membership.

AUTHORITY: 7 U.S.C. 6b, 6c, 6j(d), 7a(b), and 12a.

SOURCE: 58 FR 31171, June 1, 1993, unless otherwise noted.

**§ 156.1 Definition.**

For the purposes of this part, the term *broker association* as applied to each board of trade shall include two or more contract market members with floor trading privileges, of whom at least one is acting as a floor broker, who: (1) Engage in floor brokerage activity on behalf of the same employer, (2) have an employer and employee relationship which relates to floor brokerage activity, (3) share profits and losses associated with their brokerage or trading activity, or (4) regularly share a deck of orders.

**§ 156.2 Registration of broker association.**

(a) *Registration required.* It shall be unlawful for any member of a broker association to receive or to execute an order unless the broker association is registered with the appropriate con-

tract market in accordance with part (b) of this section.

(b) *Contract market rules required.* Each contract market must adopt and maintain in effect rules, which have been submitted to the Commission pursuant to section 5a(a)(12)(A) of the Act and Commission Regulation 1.41, that, at a minimum, (1) define the term "broker association" to include the relationships set forth in § 156.1 of this part, (2) prohibit conduct described in paragraph (a) of this section, and (3) require registration of each relationship defined by its rules as a broker association no later than 10 days after establishment of such relationship. Contract market records of registration shall include the following information with respect to each broker association, if applicable:

- (i) Name;
- (ii) Form of organization, *e.g.*, partnership, corporation, trust, etc.;
- (iii) Name of each person who is a member or otherwise has a direct beneficial interest in the association;
- (iv) Badge symbols and numbers for all members;
- (v) Account numbers for all accounts of any member, accounts in which any member(s) has an interest, and any proprietary or customer accounts controlled by any member(s);
- (vi) Identification of all other broker associations with which each member is associated; and
- (vii) Individual(s) authorized to represent the association in connection with its registration obligations.

Any registration information provided to the contract market which becomes deficient or inaccurate must be updated or corrected promptly.

**(c) Other contract market rules.**

(1) Each contract market may submit rules pursuant to section 5a(a)(12)(A) of the Act and Commission Regulation 1.41 that interpret when contract market members would be deemed to "regularly share a deck of orders." In the absence of such rules, a contract market must make such a determination on a case-by-case basis. The basis for a determination whether brokers "regularly share a deck of orders" must be documented.

(2) Each contract market may adopt rules, which must be submitted to the

Commission pursuant to section 5a(a)(12)(A) of the Act and Commission Regulation 1.41, which set forth the basis and procedures for granting exemptions from the registration requirement contained in paragraph (b) of this section for de minimis activity.

**§ 156.3 Contract market program for enforcement.**

A contract market must, as part of its responsibilities pursuant to the Act and § 1.51, demonstrate effective use of broker association registration information to monitor the trading activity of broker associations and their members for potential abuse and to secure compliance with all other contract market bylaws, rules, regulations and resolutions which may pertain to such associations or their members.

**§ 156.4 Disclosure of Broker Association Membership.**

Each contract market shall make available to the public generally and upon request a list of all registered broker associations which identifies for each such association the name of each person who is a member or otherwise has a direct beneficial interest in the association. This list shall be updated at least semi-annually.

[61 FR 41498, Aug. 9, 1996]

**PART 166—CUSTOMER PROTECTION RULES**

Sec.

166.1 Definitions.

166.2 Authorization to trade.

166.3 Supervision.

166.4 Branch offices.

AUTHORITY: 7 U.S.C. 1a, 2, 4, 6b, 6c, 6g, 6h, 6l, 6o, 12a, and 23, unless otherwise noted.

**§ 166.1 Definitions.**

(a) The term *Commission registrant* as used in this part means any person who is registered or required to be registered with the Commission pursuant to the Act or any rule, regulation, or order thereunder.

(b) The term *commodity interest* as used in this part means—

(1) Any contract for the purchase or sale of any commodity for future delivery, traded on or subject to the rules of

a contract market or a foreign board of trade.

(2) Any agreement or transaction subject to Commission regulation under section 4c of the Act, including any such contract or transaction made or to be made on or subject to the rules of a foreign board of trade; or

(3) Any contract or transaction subject to Commission regulation under section 19 of the Act (7 U.S.C. 23).

(c) The term *customer* as used in this part means any person trading, intending to trade, or receiving or seeking advice concerning any commodity interest, including any existing or prospective client or subscriber of a commodity trading advisor or existing or prospective participant in a commodity pool, but the term does not include a person who is acting in the capacity of a Commission registrant with respect to the trade.

(d) The term *commodity account* as used in this part means the account of a customer in which any commodity interest is, or is intended to be, traded.

[43 FR 31886, July 24, 1978, as amended at 46 FR 54535, Nov. 3, 1981; 52 FR 29003, Aug. 5, 1987]

**§ 166.2 Authorization to trade.**

No futures commission merchant, introducing broker or any of their associated persons may directly or indirectly effect a transaction in a commodity interest for the account of any customer unless before the transaction the customer, or person designated by the customer to control the account:

(a) Specifically authorized the futures commission merchant, introducing broker or any of their associated persons to effect the transaction (a transaction is “specifically authorized” if the customer or person designated by the customer to control the account specifies (1) the precise commodity interest to be purchased or sold and (2) the exact amount of the commodity interest to be purchased or sold); or

(b) Authorized in writing the futures commission merchant, introducing broker or any of their associated persons to effect transactions in commodity interests for the account without the customer’s specific authorization; *Provided, however,* That if such futures